Management of Peerless General Finance and Insurance Ltd.

2517. SHRI KARNENDU BHATTACHARJEE: Will the Minister of FINANCE be pleased to state:

(a) whether more than half the members of the Board of Directors of the Peerless General Finance and Insurance Ltd. do not possess any professional qualifications;

(b) whether some time back the Cons. India HR. Services reported that three-fourth of the top management of the company was extremely poor below the bench mark level; and

(c) if so, the steps proposed to be taken to improve the quality of management in the interest of millions of investors of the company which is the largest non-banking financial institution in the country dealing with crores of public money?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) The Reserve Bank of India has reported that the Peerless General Finance and Insurance Ltd. itself appointed the Cons. India HR. Services on 12.6.1997. The Cons. India HR. Services submitted its report to the company in May, 1998 in which such a remark was made against the Chief Executives of Administration, Development and Operation of the company. Subsequently, the company replaced them in a phased manner during 1998, 1999 and 2000 by professionally qualified personalities. Persently, there are 11 members in the Board of Directors of this company and most of them have professional qualification and are eminent personalities in their respective fields.

(c) The Reserve Bank of India is continuously monitoring the activities of this company to improve its financial health as well as quality of management.

Legislation on Bankruptcy Code

2518. SHRI C. O. POULOSE: Will the Minister of FINANCE be pleased to state:

(a) whether Government have been recommended for passing a new legislation on a comprehensive bankruptcy code and introduction of a professional bankruptcy institution known as a trusty;

(b) if so, what are the details thereof; and

(c) what is Government's reaction in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (c) On the basis of the recommendations of the "High Level Committee on Law relating to Insolvency and Winding up of Companies" and after taking into consideration the views of the Group of Ministers (GoM), the introduction of a Bill, namely the Companies (Amendment) Bill, 2001 is at an advance stage. The important recommendations made by High Level Committee on Law relating to Insolvency and Winding up of Companies are as under:

* A National Tribunal be set up under Article 323B of the Constitution. Powers and jurisdiction presently exercised by Company Law Board/ BIFR/AAIFR/High Courts be entrusted to the Tribunal.
* SICA be repealed.
* Voluntary winding of companies be encouraged.
* Companies with minimum capital of Rs. 10 lakh only to submit winding up petitions.
* Debt default to creditors exceeding Rs. 1 lakh and erosion of 50% of net worth be the basis of voluntary winding and for revival of companies to the National Tribunal.
* Claims of employees and secured creditors of companies are ranked *pari-passu*.
* Officers of the Official Liquidators be strengthened and modernized.
* A Fund for revival, rehabilitation of companies and preservation/ protection of the assets of companies be created under the control of Central Government.
* Winding up steps be completed within time frame of two years.
* Professionals be appointed as Liquidators, Government to prepare a panel of such professionals for their deployment.

Tax exemption on donations to political parties

2519. SHRI C. O. POULOSE: Will the Minister of FINANCE be pleased to state:

(a) whether the President, CII has asserted that any donation by corporates of political parties should be made by cheques;